

FACT SHEET | **Simpler Taxes**

Better Government for a Better Minnesota

Governor Dayton's tax proposal will save taxpayers time and hassle, by making taxes simpler for more than 1 million middle class Minnesotans – including families, students, farmers and thousands of small business.

Taxes Made Simpler

- **Making Taxes Simpler.** Governor Dayton's Unsession tax proposals will make taxes easier to understand and simpler to manage for 1 million Minnesotans, and thousands of Minnesota businesses. These reforms will build on efforts already underway at the Minnesota Department of Revenue to make filing taxes simpler and more efficient for Minnesota taxpayers.
 - **Example:** Before overhauling Minnesota's online system to file and pay taxes, the Department of Revenue tested the system with real users, and used their feedback to make improvements. Before any changes were made to the website, one Minnesota taxpayer took over 12 minutes to cancel a payment in the system. After the changes, that same person completed the task in just 45 seconds – a 93% improvement.
- **Matching Federal Deductions.** Governor Dayton's tax proposal eliminates the marriage penalty, eliminates the gift tax, reforms estate taxes, expands Minnesota's working family tax credit, and creates new deductions for childcare and student loan interest. These reforms will save Minnesotans time when they are filing their taxes because they will match federal deductions.
 - **Examples:** Under this proposal, recent graduates could get a tax break by deducting their student loan interest, saving them up to \$190 per year. An estimated 40,000 taxpayers will get an increased tuition deduction worth an average of \$140 per year. Some students will be able to exclude scholarship money from their income.
- **Reducing Paperwork for Small Businesses.** Governor Dayton's proposal would eliminate the need for small businesses to keep separate state and federal tax records by matching Minnesota's tax code with federal taxes.
 - **Examples:** Right now, restaurants have to keep two sets of records for as long as 29 years. The Governor's plan would require only one set of books. Also, small businesses are currently required to keep Unemployment Insurance tax records for eight years. The Governor's plan would cut that time in half, to just four years.